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Subject: RE: Procedures For Cases Where Pass-through Partner Wants to Agree and Pay

Del Order 4-19 covers closing agreements for TEFRA partnership items. The courts that have addressed the issue have concluded that section 6224(c) is just a subsection of section 7121 which governs closing agreements that relate to TEFRA partnership items. Furthermore, it is the last sentence of section 6224(c)(1) which makes settlement agreements by pass-through entities binding on the indirect partners. Del Order 4-19 governs settlement of TEFRA partnership items under section 6224(c), so that is the delegation order that should be used for such settlements.